



consumer news

Office of Consumer Affairs
Virginia H. Knauer, Director

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Food prices, the freeze & Phase 4

While President Nixon's 60-day freeze has temporarily shielded consumers from price increases, the Cost of Living Council (CLC) has developed plans for Phase 4 economic controls.

In formulating Phase 4, CLC & its staff met with various segments of the economy—labor, banking, retailers, food suppliers, health services & consumers. Virginia Knauer, Special Assistant to the President for Consumer Affairs & a CLC member, conducted the meeting with consumer leaders at the White House. CLC asked for responses to such questions as (1) what is the best approach to stabilize food prices?; (2) should cost increases be passed along to consumers on a dollar-for-dollar basis or on a percentage-of-cost basis?; (3) what should determine when controls should end? The consumer leaders also gave CLC some general advice:

1. There should be more concern for consumers living on fixed incomes.
2. The controls program should be coordinated with enforcement of Federal antitrust laws.
3. Phase 4 should be set up in such a way as to encourage consumers to become more involved in the economic stabilization program, such as making regulations easy to monitor.

Consumers attending the meeting represented the President's Consumer Advisory Council & 15 consumer organizations, including Consumer Federation of America, Consumers Union, National Consumers Congress & National Consumers League.

Until Phase 4 goes into effect, consumers can help the nation's economy & their own budgets by notifying the nearest office of Internal Revenue Service (IRS) when they suspect a store is violating price freeze regulations. (IRS is responsible for enforcing the freeze.) Under freeze regulations, sellers are required to furnish base price information to consumers. If IRS investigation finds an illegal price increase, the seller must roll back the price to the base level (usually the price charged the first week of June).

If you suspect a price increase, here is what you can do:

- Look for the 22x28-inch sign, which must be posted in every store, that will tell you how to get freeze price information within 48 hours by mail;
- Look for the required signs that state ceiling prices for all meat items in the store;
- Contact the nearest IRS office if you do not find the required price information signs in a store, if you do not get a reply to your request for base prices or if you find that a current price does not match the freeze base price or the meat ceiling price.

Finally, no matter what Phase 4's food price policies are, here is what Agriculture Dept. says you can expect for some food supplies after the freeze:

- Pork production should rise because of the usual seasonal increase, & a greater supply of beef is possible;
- The main turkey season is ahead, so turkey supplies should be up; supplies of broilers & eggs may be up;
- Milk & milk product output will continue a little below last year's level;
- More fruit is on the way, particularly cherries, pears, apricots, California grapes & peaches; there may be a large orange crop this winter;
- Late summer should bring larger supplies of onions, & supplies of lettuce should be above May & June levels.

Energy

President Nixon has created the **Energy Policy Office (EPO)** at the White House & has named John A. Love, Colorado's Governor, to be Director & Assistant to the President for Energy. EPO is to be responsible for formulating & coordinating energy policies for the White House. In announcing the creation of EPO to replace the **Special Committee on Energy**, President Nixon said: "America faces a serious energy problem. While we have only 6% of the world's population, we consume one-third of the world's energy output. The supply of domestic energy resources available to us is not keeping pace with our ever-growing demand, and unless we act swiftly and effectively, we could face a genuine energy crises in the foreseeable future."

The President's announcement also said he was launching a conservation program to reduce anticipated American consumption of energy resources by 5% over the next 12 months. He said the Federal Government will take the lead in the conservation effort by reducing its anticipated consumption by 7% during the same period.

The following is a summary of other recent energy actions:

- The President has created the **Office of Energy Conservation (OEC)** & **Office of Energy Data & Analysis (OEDA)** in Interior Dept.

- **Council on Environmental Quality** has begun a study of the environmental impact of drilling on the Atlantic Outer Continental Shelf & Gulf of Alaska.

- **Commerce Dept.** has proposed regulations covering the labeling of household appliances to show energy efficiency [CONSUMER REGISTER: June 15].

- **Environmental Protection Agency (EPA)** has published information on gasoline mileage for all 1973 cars [CONSUMER NEWS: May 15].

- **State Dept.** is consulting with major oil producing & consuming nations to develop cooperative arrangements to meet the world's growing energy demands.

- The President has proposed that Congress (1) establish an **Energy & Natural Resources Dept.**, consisting of functions transferred from Interior Dept. & other agencies; (2) establish a new independent agency—**Energy Research & Development Administration**—to coordinate all for Federal energy research & development; (3) retain the **Atomic Energy Commission (AEC)** to continue licensing, regulatory, environmental & safety functions related to nuclear energy but under the new name of **Nuclear Energy Commission**.

- The President has directed **General Services Administration (GSA)** to establish new regulations to require Federal agencies to buy, lease or rent cars that are efficient users of gasoline. This means the Federal Government could influence car makers toward more efficient cars for everyone through Federal demands for smaller engines as well as smaller cars.

- **EPA** will propose procedures for manufacturers to voluntarily label cars & their accessories to show fuel consumption so that consumers can easily compare similar cars to determine their gasoline efficiency (miles per gallon).

New Federal publications

The following are available from **Public Documents Distribution Center**, 5801 Tabor Ave., Philadelphia, PA 19120. Make checks or money orders payable to **Superintendent of Documents**. *All Around You—An Environmental Study Guide* (teacher's handbook), published by **Bureau of Land Management**; #2411-0035; \$1.50.

An Engineering Victory for Our Environment (a citizen's guide to the U.S. Army Corps of Engineers), published by **Environmental Protection Agency**; \$3.

Childhood Leukemia (a pamphlet for parents), published by **National Institutes of Health**; #1742-0041; 25¢.

Color It Green With Trees (a calendar of activities for home gardeners), published by **Agricultural Research Service**; #0100-1557; 20¢

Guide to Record Retention Requirements (guide to keeping records for tax purposes), published by **Office of the Federal Register**; #2203-00896; \$1.50.

Mail order problems?

Mail order companies rank as the No. 2 cause of consumer complaint letters to the Office of Consumer Affairs (OCA). (Problems about cars rank No. 1). The majority of the letter writers complain that they do not receive the merchandise for which they have paid, or they do not receive a refund when they return merchandise to the mail order company although the company "guarantees" satisfaction.

If you have a mail order problem, here are some steps you may want to take toward solving it yourself before contacting OCA or another consumer aid organization:

1. Write to the company, addressing your letter to the company president (for example, President, Mail Order Co., Anytown, U.S.);

2. Call the company if your order is worth the expense of a long-distance telephone call. If the telephone company does not have a listing for the mail order company, send a card to the Postmaster in the city where the mail order company is located. Give the Postmaster the company's address (often a Post Office box number) & request the company's street address & telephone number. Postal Service obtains this information when it rents post office boxes.

If a letter or a call does not resolve your problem, contact OCA or any of the following organizations, giving as much information as you can about your problem & the company:

- Direct Mail Advertising Association (DMAA) will try to solve your problem if it involves one of DMAA's 1600 member companies. DMAA's address: 230 Park Ave, New York, NY 10017.
- The consumer protection agency in your city or where the mail order company is located.
- The consumer column (often called Action Line) in your local newspaper.

You might avoid some mail order problems—and avoid the time & cost of trying to resolve the problems—if you ask yourself these questions before you place your order:

- Does the company offer a money back guarantee? A guarantee is worth more than the pictures in the company's catalog or the prestige of the publication or station carrying the company's advertisement. Even if the company does not honor the guarantee, the statement of guarantee could be the basis for legal action. Also, check the conditions of the guarantee before you order. (For example, who pays the postage of returning the merchandise to the company?)

- Does the company's offer seem too good to be true? If so, the product may not live up to the promise. Comparison shop to determine how the mail order company's product claims & price compare with similar products available locally or from another mail order firm.

- Is the company known as a reliable one? Ask your friends about their experiences with the company, or ask local or state consumer agencies if they have recorded complaints about the company. You might also ask your local Chamber of Commerce or Better Business Bureau to contact its counterpart in the city where the mail order firm is located to determine the company's home town reputation. Also, since the company is using the mail service, you might check its status with Consumer Affairs Dept., U.S. Postal Service, Washington, DC 20260.

When you do order by mail, take the following precautions: (1) pay by check or money order; (2) keep a copy of your order, even if you must pay to have a copy of the order form made; & (3) keep the mail order company's catalog or advertisement.

OCA's new address

Office of Consumer Affairs (OCA) has moved to Health, Education & Welfare Dept. as directed by President Nixon's executive order [CONSUMER NEWS: Feb. 1]. The new mailing address is Office of Consumer Affairs, Washington, DC 20201. The new telephone number for consumer complaints is 202-962-1627; for public affairs, 202-962-1606; for state & local programs, 202-962-1316; for CONSUMER NEWS, 202-962-1608.

Virginia Knauer, OCA Director, also has an office at the White House, where she continues to serve as Special Assistant to the President for Consumer Affairs. Mail to Mrs. Knauer may be sent either to the OCA address or to The White House, Washington, DC 20500.

FTC claims certain plastics fire hazards

Federal Trade Commission (FTC) is claiming that certain plastics, which have been marketed as "non-combustible," are serious fire hazards. The charge is made in a proposed class-action complaint against a number of producers & marketers of cellular (or foamed) polyurethane & all forms of polystyrene. (These plastics are commonly used in the construction & home furnishings industries for insulation, furniture cushioning & bedding, panels & siding, pipes, plumbing & lighting fixtures & furniture.)

FTC's action is not intended to remove these plastics from the market. Rather, the intent is to have producers adequately warn buyers & users that the products are combustible & that precautions should be taken in installing & using products made of these materials. Plastic foam, for instance, is used for house insulation & presents a hazard only if users do not realize that the material requires a fire-resistant covering.

In addition to citing 26 business firms, the proposed complaint also names the Society of the Plastics Industry Inc. (a trade association) & the American Society for Testing & Materials (a standards-making organization).

FTC alleges that the firms & organizations not only knew that these plastics presented serious fire hazards & failed to disclose the facts to users, but actually misrepresented these materials as being "non-burning" & "self-extinguishing." Further, FTC claims respondents knew invalid test standards were used in order to have the materials classified as "non-combustible."

Comparing these plastics with conventional materials (wood, glass, cotton) that they are replacing, FTC alleges that these particular plastics spread flame more rapidly, generate extreme heat more quickly, produce greater amounts of dense smoke & release toxic or flammable gases or chemicals more quickly.

FTC's proposed settlement of the matter would require that misrepresentation of the plastics be stopped & that the invalid tests be discontinued. (In 1972, Virginia Knauer, Special Assistant to the President for Consumer Affairs, corresponded with the American Society for Testing & Materials, questioning the accuracy & descriptions of test results & kinds of tests being used to determine the flammability of these plastics.) Further, producers would have to warn commercial buyers & consumers—through advertisements, labels & contract clauses—that the products are potential fire hazards & that certain precautions must be taken when using them. Further, the 26 firms & 2 organizations would have to take steps to eliminate or minimize fire hazards wherever the materials have already been installed.

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